

# U.S. Approves Plan by Time to Buy Little, Brown

By HENRY RAYMONT

Time Inc. has won the approval of the Justice Department for its proposed purchase of Little, Brown & Co., the Boston publishing house.

James A. Linen, president of Time, said yesterday that he had received a communication from the department indicating that the \$17-million purchase did not appear to violate any antitrust law.

"We are very pleased with the Justice Department's action and we have every reason to be confident that the merger will be completed successfully very soon," he added.

## Exchange of Stock

Plans for the acquisition of Little, Brown through an exchange of Time stock were announced on Jan. 15, one month before the \$500-million magazine publishing empire announced its intention to buy The Newark Evening News for about \$34-million in a similar agreement.

Since the negotiations between Time and The Newark News collapsed last week, there had been some speculation in publishing circles that the arrangement with Little, Brown might also be in jeopardy.

"The two situations are totally different," Mr. Linen said. "In Newark we were just unable to come to a final agreement, whereas Little, Brown is as eager as we are to wind up some few technical details needed to complete the merger."

Being awaited are a ruling by the Internal Revenue Service pronouncing the deal to be tax-free and a meeting by the stockholders of Little, Brown — most of whom are executives in the company — late next month.

Arthur H. Thornhill Jr., president of the 131-year-old book-publishing concern and one of its major stockholders, reiterated his interest in the merger in an interview in Boston some days ago.

"We anticipate no problems whatsoever," he said. "We are all delighted with the prospects of expansion offered by the new resources we will have available to us and we are already studying some important new publishing ventures in our general books as well as in medical, legal and educational books."

Noting that corporate mergers achieved in an exchange of stock and without cash payments are usually tax exempt,

Mr. Thornhill anticipated "an early and favorable ruling" from the Internal Revenue Service. He was also confident that the stockholder's meeting would give a "wholehearted endorsement" to the move.

Mr. Linen and other Time executives were more guarded in predicting their future plans in the newspaper field.

"We still have an active interest in the acquisition of newspapers, but there are no immediate plans," Andrew Heiskell, chairman of the board of Time said.

Other officials acknowledged privately that the collapse of the negotiations with The Newark Evening News had represented a setback for Time's plan to develop a newspaper division, but expected it to be revived as soon as another paper was found for acquisition.

These officials, who asked not to be identified, confirmed earlier reports that the inability to reach final agreement with the Scudder family, which owns The Newark News, was caused by differences over price.

In announcing its preliminary agreement, Time had offered to purchase the paper in exchange for 325,000 shares of common stock, which at the time was being traded at 89 3/4 a share on the New York Stock Exchange. When the negotiations were abandoned on April 12, the price of the stock had climbed to 100 3/8 a share.

Sources close to the Scudder family who participated in the negotiations generally agreed with the version recounted by Time officials. They conceded that both sides had been "too optimistic" in their financial estimates.

"It was really a most unhappy combination of factors and errors were made on both sides," one key participant in the negotiations said. "although there is no such thing as an irrevocable decision, I am afraid that the negotiations are dead."

Just before the merger plans were officially ended, The Newark Evening News has discontinued its New York edition, which started on Jan. 23.

Earlier this week, the News, which is New Jersey's largest newspaper, with an audited daily circulation of 278,235, stopped printing closing stocks in its final edition because of delays in delivery.

"We are just running the 2:30 P.M. closings as many other evening papers do so that we might bring the last edition out a little faster," an official at The News said.